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*The Fabian Municipal Program, No. 3.*

# THE MUNICIPALISATION OF THE GAS SUPPLY.

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(THIRD EDITION. REVISED MAY 1896.)

LIGHTING by gas has become a necessity of the life of a great city. Nevertheless some persons who advocate the public supply of water hesitate to apply the principle of municipalization to their local gasworks. Few of such persons, however, can be aware of the rapidity with which the public supply of gas is increasing. Already one-half of the gas consumers in the kingdom burn gas which they themselves as citizens have, through their local governing bodies, manufactured; excluding London and its neighborhood, the proportion is, indeed, over two-thirds. The number of local authorities undertaking the gas supply grew, between 1882 and 1895, from 148 to 199. There are now over

## Two Hundred Municipal Gasworks

in the United Kingdom. No public authority in the United Kingdom having once municipalized its gasworks has ever retraced its steps or reversed its action.

But London, along with Liverpool and Dublin, Sheffield and Bristol, and a few other large towns, still leaves this essentially public service in the hands of private capitalists.

These speculators have succeeded in arming themselves with large and far-reaching statutory powers, to the arbitrary and oppressive exercise of which the consumer is constantly liable. Against a powerful company the individual has practically no defence. No private corporation ought to be entrusted with such authority. It can only be safely vested in a representative public body, directly responsible to, and therefore capable of being effectively controlled by, public opinion.

London's gas supply has now fallen, by successive amalgamations, into the hands of three colossal companies (in 1855 there were 20), whose capital outlay, including past competitive waste and lawyers' bills, exceeds £15,700,000. On this amount they manage to obtain a handsome profit, the annual surplus being, on an average, over

## A Million and a Half Sterling,

or nearly ten per cent. In London our gas proprietors are limited by Act of Parliament as to their dividends, according to a sliding scale,

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and any excess is now partially devoted to a reduction in the price of gas. Nevertheless the largest company regularly pays its shareholders between 12 and 13 per cent.

*Particulars for the years ended 31st December, 1892, 1893 and 1894.*

				Receipts.	Expenditure.	Surplus.
				£	£	£
1892.						
Gas Light and Coke Co.	...	...	...	3,711,095	2,674,033	1,037,062
South Metropolitan Co.	...	...	...	1,135,001	821,376	313,625
Commercial Co.	...	...	...	347,429	280,701	66,728
Total	...	...	...	5,193,525	3,776,110	1,417,415
1893.						
Gas Light and Coke Co.	...	...	...	3,589,845	2,477,984	1,111,861
South Metropolitan Co.	...	...	...	1,132,069	797,250	334,819
Commercial Co.	...	...	...	373,485	265,943	107,542
Total	...	...	...	5,095,399	3,541,177	1,554,222
1894.						
Gas Light and Coke Co.	...	...	...	3,596,347	2,353,851	1,242,496
South Metropolitan Co.	...	...	...	1,205,802	849,309	356,493
Commercial Co.	...	...	...	366,980	262,975	104,005
Total	...	...	...	5,169,129	3,466,135	1,702,994

Notwithstanding a net profit of nearly three-quarters of a million sterling, the Gas Light and Coke Company raised its price in 1890 by 10 per cent., and in December, 1891, by a further 12 per cent. (from 2/6 to 3/1 per 1,000 feet), in order to pay a 12 per cent. dividend to its ordinary shareholders. This involved an additional charge upon two-thirds of London amounting to over half a million a year.

But the gas companies have no legal monopoly ; and the local authority (in London the County Council) might always be granted Parliamentary powers to construct a competing supply, unless the companies consent to transfer their works on equitable terms. The London works could undoubtedly now be constructed for much less than the total capital outlay of £15,700,000 ; but, assuming the whole of this amount to be reimbursed to the shareholders, the interest and sinking fund payable by the Council would only be some £550,000 a year, as compared with three times that amount now paid annually to the share and bondholders. The average profit for the three years, 1892-5, was £1,558,210, and the difference between this and the sum which would have been payable in interest and sinking fund had the London County Council owned the works amounts to over £1,000,000. This sum would cover nearly one-half of the net expenditure of the London School Board. Even if the shareholders were given £39,500,000,\* which is about the present market value of their stocks, the County Council would only pay about a million a year in interest, and thus, by its superior credit alone, could probably effect an annual saving of half a million sterling, which would enable the whole debt to be paid off in sixty years.

\* When this Tract was issued in 1892 the market value of these Stocks was only £25,000,000.

In Manchester, where the City owns the gasworks, the Corporation, besides clearing off the capital cost by a sinking fund, has applied about a million of money, the profit of its gas undertaking, in aid of the permanent improvement of the town. In 1894-5, a net profit of £90,438 was made after paying interest and sinking fund on gas supplied at 2/6 per one thousand feet. Birmingham, with gas at 2/3 per 1,000 feet, made £30,448 profit in the same way after paying interest on gas loans, and devoted this sum to City improvements. Why should not London do the same, and ensure, at the same time, the fair treatment of London's ten thousand gas stokers?

Here is the experience of Bradford. "The Gasworks of this Borough," wrote the town clerk in 1890, "belong to the Corporation, and the profits last year amounted to £18,000, equal to about 4d. in the £ on the rateable value of Bradford, the price of the gas being 2s. 3d. per thousand feet, with discounts varying from  $2\frac{1}{2}$  to  $12\frac{1}{2}$  per cent.; in addition to which the public lamps are lighted free of charge." The cost of street lighting in London, which is paid for by the rateayers, is equal to a rate of twopence in the £; so that, in Bradford, municipal gas saves the pockets of the ratepayers the equivalent of a sixpenny rate.

The pecuniary profit to be made by completing the municipalization of the gas supply is, however, of less importance than obtaining complete control over this essentially public service. The thousands of gas-workers ought to be secured fair wages, proper hours of work, and adequate protection against accidents. At present but little is done to bring the comforts of gas, either for lighting or cooking, within the reach of the poor, and even in London only ever other house has gas laid on. Little attention will be paid to lighting the poorer streets, the public stairways, or the slums and alleys of our great cities, so long as every cubic foot of gas is jealously charged for by a capitalist company. Our gas, moreover, is practically our winter sun, and no private considerations ought to be allowed to stand between us and our main source of artificial light. Whatever progress may be made with electric lighting, the use of gas for heating and cooking purposes will remain, and indeed, experts tell us the consumption of gas must inevitably increase.

Hence INSIST ON THE MUNICIPALIZATION OF THE  
GAS SUPPLY.

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[For exact statistics as to the gasworks in the United Kingdom, see the Annual Returns presented to Parliament by the Board of Trade, as to (1) the London Gas Companies, (2) Gasworks belonging to Public Authorities, and (3) Gasworks belonging to private capitalists.]

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